



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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Notice of Proposed Rule Making Concerning the Municipal Securities Exemption

March 20, 2019

To Interested Persons:

The Securities Division is proposing to amend WAC 460-42A-030, which provides that certain municipal securities are exempt from registration under RCW 21.20.310(1) if they receive requisite ratings from designated ratings agencies. Specifically, the Securities Division proposes to amend WAC 46-42A-030 to correct an inadvertent drafting error.

In 2014, the Securities Division amended WAC 460-10A-160 to update references to securities manuals for the purpose of the “manual exemption.” As part of this update, Moody’s Investors Service was replaced with a reference to Mergent’s Investor Service to reflect current publishers of securities manuals. In an early 2017 update to our rules to remove references to discontinued securities manuals, the Securities Division inadvertently replaced a reference to Moody’s Investors Service with a reference to Mergent, Inc. in WAC 460-42A-030, the exemption for municipal securities that receive requisite ratings from designated ratings agencies. However, Mergent, Inc. does not publish such municipal securities ratings, while Moody’s Investors Service, Inc. is a well-known ratings organization.

The Securities Division had no intent to disqualify offerings with the requisite rating from Moody’s Investors Service, Inc. from relying on the municipal securities exemption in WAC 460-42A-030. Accordingly, the Securities Division proposes to amend WAC 460-42A-030 to replace references to Mergent, Inc. with references to Moody’s Investors Service, Inc. Beyond the 2017 drafting error, WAC 460-42A-030 has not been significantly amended since 1989. Accordingly, the Securities Division also proposes to amend WAC 460-42A-030 to recognize equivalent ratings by Fitch Ratings, a nationally recognized statistical rating organization that also issues credit ratings to municipal securities.

The Securities Division has now filed a notice of Proposed Rule Making (Form CR-102) and the text of the proposed rules (OTS-1154.1). These materials are available on our website at: <https://dfi.wa.gov/rulemaking/municipal-securities-exemption>.

If you have comments on the proposed rules, we would like to hear from you. Comments will be accepted through May 6, 2019 and may be submitted to Michelle Webster at michelle.webster@dfi.wa.gov, or you may mail your comments to the following address:

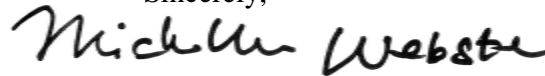
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A public hearing on the proposed rules is scheduled for May 7, 2019 at 9:00 AM. Further details concerning the hearing are included in the Notice of Proposed Rule Making available on our website.

If you have any questions, please contact the undersigned by telephone at (360) 902-8736 or by e-mail at michelle.webster@dfi.wa.gov.

Sincerely,

A handwritten signature in black ink that reads "Michelle Webster". The signature is written in a cursive, flowing style.

Michelle Webster, Esq.